



STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS
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BOARD OF PENSION TRUSTEES
MEETING MINUTES OF APRIL 29, 2022

The meeting of the Board of Pension Trustees was called to order by Suzanne Grant, Chair, at 9:03 a.m., via videoconferencing.

Trustees Present

Suzanne Grant
Rick Geisenberger
Nancy Shevock
Harold Stafford

Trustees Absent

Art Agra
Cerron Cade

Others Present

Joanna Adams, Pension Administrator
Stephenie Tatman, Deputy Pension Administrator
Amy Cole, Pension Office
Ryan Connell, Deputy Attorney General
Robin Hartnett-Sterner, Pension Office
Josh Hitchens, Pension Office
Khairat Makanjuola, Pension Office
Vicki Schultes, Pension Office
Cindy Starr, Pension Office
Mary Wood, Pension Office

Garry Musto, Windmark
Rob Gooderham, Windmark

Kevin Balaod, journalist (*Intelligence*)

1. OPENING COMMENTS

S. Grant welcomed everyone to the meeting virtually.

2. APPROVAL OF THE MINUTES

S. Grant stated that the minutes from the March meeting will be approved at the May meeting due to an ongoing review of the minutes.

3. AUDIT COMMITTEE REPORT

The next meeting is scheduled for May 6, 2022. The agenda for the meeting has been posted on the Public Meeting Calendar website.

4. GOVERNANCE COMMITTEE REPORT

J. Adams stated that Pamela Tikellis is the new Governance Committee Chair and is expected to attend the next Governance Committee meeting on June 1, 2022.

5. PENSION ADVISORY COUNCIL REPORT

J. Adams provided an overview of the Council's legislative goals, which include maintaining the current levels of health insurance coverage with no change to retiree-paid premiums, deductibles, or other out-of-pocket expenses, and reinstating an appropriation for the PRI with the eventual goal of continual funding of 2.3% of payroll. The Council is happy with the action the legislature has taken during the 151st General Assembly.

The next meeting is scheduled for May 10, 2022.

6. PENSION ADMINISTRATOR'S REPORT

EMPLOYEE RECOGNITION

Ms. Adams stated that the staff member who was nominated and awarded an honorable mention for Employee of the Quarter (in March) is Barbara Austin. Ms. Austin was recognized for her work with SilverScripts. The State of Delaware transitioned from (pharmacy benefit manager) Express Scripts to CVS, effective January 1, 2022. This change resulted in formulary changes for pensioners; our workload has increased due to members calling in requesting help in understanding these changes. B. Austin singlehandedly rose to and addressed the challenges. She was previously our Benefits Manager, who left the Office of Pensions to pursue employment with a school district, then returned to the Pensions Office. She is a true asset who returned at the perfect time.

Further, Ms. Adams recognized Terri Tomlin and Sonya Stevenson (both of whom were awarded Employee of the Quarter). Together, they discovered a discrepancy of approximately \$500,000 within the OMB payroll group. They researched the discrepancy and determined how to resolve the issue, and are commended for their investigative skills.

OMB is hosting an employee recognition event on Thursday, May 12th at Killens Pond State Park. S. Grant, on behalf of the Board, thanked the recognized employees for their outstanding work on behalf of DPERS.

POSITIONS

Ms. Adams reviewed the Current Vacant Positions chart. Recent postings include the State Human Resource Analyst I and Internal Auditor positions. After the Internal Auditor posting had been extended several times, we recently received one application that meets the minimum qualifications.

The Deputy Attorney General position has been posted for several months, without generating a lot of interest. Extending postings is a common occurrence and problem for many agencies; this was confirmed by S. Grant and R. Geisenberger. Telework, hybrid, and other flexible employment options make postings that incorporate those benefits more attractive during these challenging times. Allowing employees to have at least a few days a week to telecommute makes the positions

more attractive to applicants. S. Grant stated that there seems to be a movement for applicants to rely on LinkedIn and similar employment resources, compared to the State employment website. Keywords in the posting are critical to attracting qualified applicants.

In addition, the D.H.R. maintenance reviews are now complete. This resulted in 39 Open positions being reclassified within the Human Resource class series. This equates to approximately 60% of our staff receiving a salary increase reflecting a one or two-paygrade increase. This reclassification increases our internal career ladder by another rung, and we are excited to increase opportunities for recruitment and retainment.

OFFICE ACTIVITIES

Ms. Adams reviewed the Pension Office activities for May 2022. Scheduled activities include Monthly Payroll and H.R. Training, Delaware State Education Association Training, Understanding Your State Pension, and the Pen App SEPP class. All activities are being offered using a virtual format.

The quarterly activities report included significant changes from the second to the third quarter. Monthly phone call totals spiked by almost 1,000 calls per month, partially due to CVS/SilverScript and pensioners requesting the status of their tax documents. The only method available at this time for pensioners to receive their tax documents is to have them printed and mailed. Our goal is to make the tax documents available online. We received about as many calls in 9 months of FY22 as we did the entire FY21.

Outgoing mail saw a spike in the third quarter due to mailing duplicate tax documents as well, in response to many requests for earnings verification. The Pension internet home page saw a spike in the third quarter as well, possibly due to pensioners checking to see if they could access their tax documents online.

In addition, we recently completed an OnBase upgrade, our imaging system. Historically speaking, we have not been strong in our efforts to utilize the most current version of the software. Moving forward, we will make this a higher priority. We are already preparing for the next version because we are not yet utilizing the latest version of the application. Further, the implementation of new retiree single sign-on was successful. Again, the goal is to have the 1099s and 1095s available for members to access online for 2022 statements.

R. Geisenberger asked R. Hartnett-Sterner how the transition went. R. Hartnett-Sterner stated that the pensioners have received it very well, resulting in positive feedback. Compared to the former methods of logging on, the new system is much more user-friendly. Ms. Adams stated that 1/3 of the pensioners have signed up for new single sign-on access, while the remaining pensioners prefer to receive hard copies in the mail. Once the documents are available online, we will no longer reprint requested.

Ms. Adams stated that we are transitioning to a Medicare Advantage Plan, effective January 1, 2023, so we are moving quickly. A project plan and communication strategy are in ongoing development. This primarily involves S. Tatman, K. Diaz (Benefits Manager), and J. Adams for the front-end work, so the implementation will be carried out much smoother than in the past.

REPORTING SCHEDULE

Ms. Adams reviewed the updated Reporting Schedule and reminded everyone that the Governance Committee meeting of May 11th has been rescheduled to June 1st.

LEGISLATION

SS1 FOR SB 14 (Sponsored by Senator Ennis): This legislation intends to implement a PRI funding mechanism and requires whatever PRI is granted is twice as much for pensioners who have been retired for 20 years or more. This bill was introduced on April 21, 2022, however, we are working with Senator Ennis and his staff to ask for another amendment. In its present form, the bill gives the Board of Pension Trustees the authority to determine PRIs, whereas that is historically done through legislation. This bill will have a huge fiscal impact (\$47 million between General and Special Funds).

HB 308 (Introduced by Speaker Schwartzkopf): This bill eliminates the earnings limit for disability pensioners in the New State Police and County and Municipal Police/Firefighters' Pension Plans. This legislation was signed by the Governor on April 7, 2022.

MOTION made at 9:42 a.m. by R. Geisenberger and seconded by N. Shevock to enter into Executive Session, to consider pension personnel matters, confidential medical records, legal matters, sensitive commercial trade secrets, and confidential financial information.

MOTION ADOPTED UNANIMOUSLY

The Board then moved into Executive Session to discuss pending personnel matters, confidential medical records, legal matters, sensitive commercial information, proprietary business information, trade secrets, and confidential financial information.

MOTION made at 10:15 a.m. by H. Stafford and seconded by N. Shevock to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

7. DEPUTY ATTORNEY GENERAL REPORT*

There was nothing to report.

8. INVESTMENT COMMITTEE REPORT*

Mr. Gooderham reported that global equity markets finished a difficult quarter with mostly positive returns in the month. Markets were volatile over the period as the Russia-Ukraine conflict intensified and inflationary pressures continued to mount. In response to rising inflationary pressures, the Federal Reserve hiked rates at its March meeting. This is the first rate hike since 2018 and indicated a more aggressive plan for future interest rate increases. US equities, as measured by the Russell 3000 index, posted a 3.2% gain for the month. International equity performance was mixed as the developed market MSCI EAFE index was up 0.6%, while the MSCI Emerging Markets index declined by 2.3%. In fixed income markets, rising interest rates weighed on returns for high-quality bonds, while tighter credit spreads helped cushion returns for more credit-oriented bonds. For the month, the broad Bloomberg Universal index fell 2.7%, while the more credit-sensitive Bloomberg High Yield index declined 1.1%.

Mr. Gooderham reported that DPERS Fund assets at Northern Trust were estimated to be \$14,665.9 million on March 31, 2022, representing a net increase of \$18.7 million during the month. Estimated returns through March 31, 2022, are as follows:

	Month Ended 03-31-22	Qtr 03-31-22	Fiscal YTD 03-31-2022	1 Year Ended 03-31-22
Total Fund	0.4	-5.4	1.8	10.0
DPERS Policy Benchmark**	0.8	-5.4	-1.6	4.0
S&P 500 Index	3.7	-4.6	6.5	15.6

** Benchmark mix: 46% Russell 3000 Index, 24% MSCI ACWI ex US IMI (Net), 27.0% BB Universal Bond Index, 3% T-bills

Mr. Gooderham reported that the Committee had met once since the March Board meeting, on April 19th. He advised that, at that meeting, the Committee reviewed and discussed a presentation on Uninvested Asset Classes. He also reported that the Committee approved under its authority:

- A commitment of up to \$25 million to IDG China Venture Capital Fund VII, subject to legal review.
- A commitment of up to \$40 million to Carlyle Asia Partners VI, L.P., pending legal review.
- The Committee voted 4-1 in favor to allocate \$150 million to the GQG Global Equity account and \$50 million to the Cash Account funded by the reductions detailed below:
 - \$25 million from Dodge & Cox Stock Fund
 - \$50 million from Dodge & Cox International Fund
 - \$125 million from Kiltearn Global Equity

The next meeting of the Committee is scheduled for Tuesday, May 17th, 2022.

9. PENDING ITEMS (OLD BUSINESS)

There was no old business. The minutes from the March 25, 2022 Board meeting will be reviewed and approved at the May 27, 2022 Board meeting.

10. NEW BUSINESS

There was nothing to report.

11. ADJOURNMENT

At 10:16 a.m., there being no further business:

MOTION was made by N. Shevock and seconded by R. Geisenberger to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,


Joanna Adams (Jun 30, 2022 16:01 EDT)

Joanna M. Adams
Pension Administrator


Suzanne B. Grant (Jul 2, 2022 00:26 GMT+1)

Suzanne B. Grant, Chair
Board of Pension Trustees